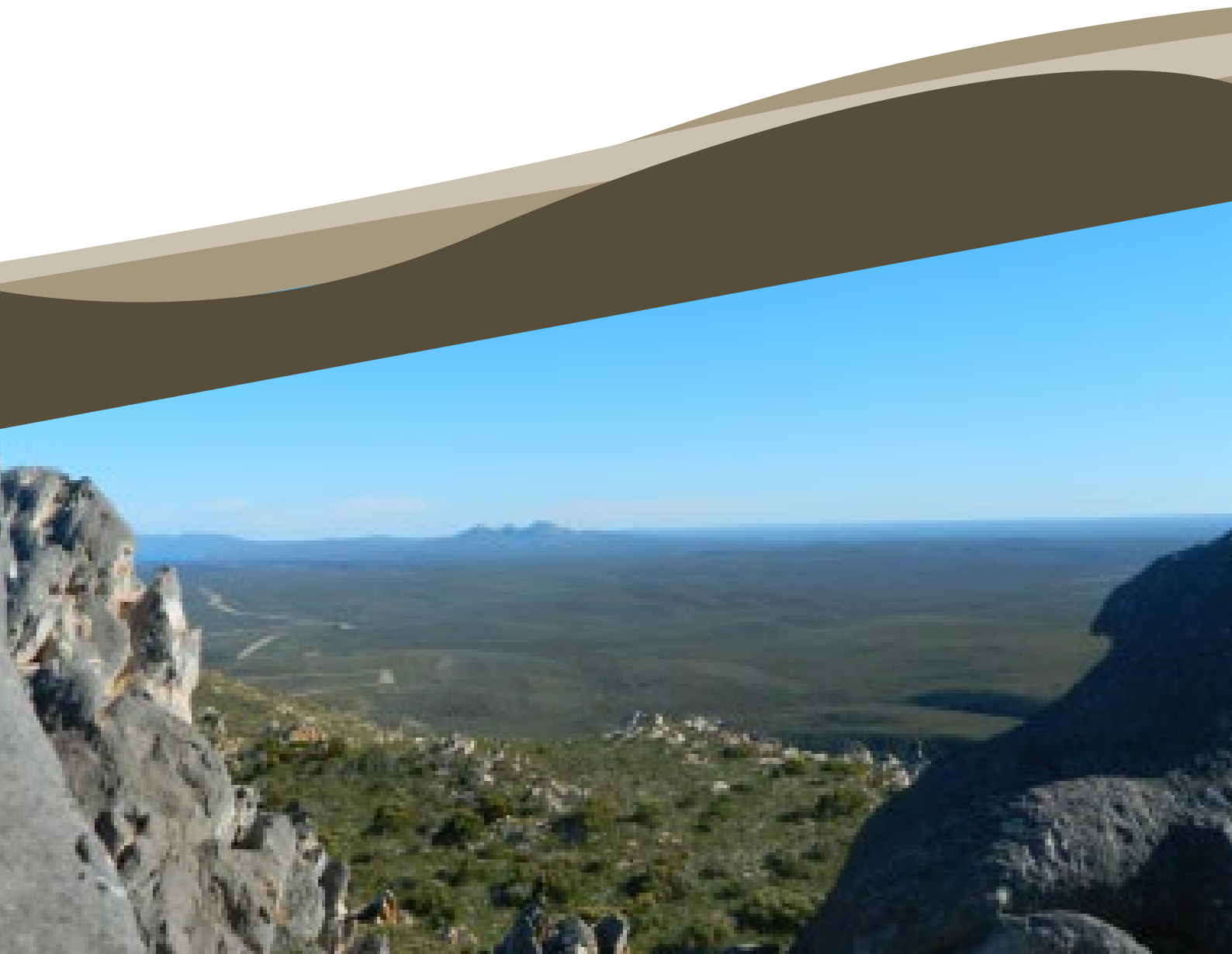




# Unconfirmed Minutes

Audit Committee Meeting

Tuesday, 19 December  
2023



# NOTICE OF MEETING

## Shire of Ravensthorpe Audit Committee Meeting

Tuesday, 19 December 2023  
commencing at 4.30pm

Council Chambers  
Ravensthorpe

Matthew Bird  
Chief Executive Officer

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### Disclaimer

The advice and information contained herein is given by and to the Council without liability or responsibility for its accuracy. Before placing any reliance on this advice or information, a written inquiry should be made to the Council giving entire reasons for seeking the advice or information and how it is proposed to be used.

Please note this agenda contains recommendations which have not yet been adopted by Council.

No responsibility whatsoever is implied or accepted by the Shire of Ravensthorpe for any act, omission, statement or intimation occurring during the Council/Committee meetings or during formal/informal conversations with staff. The Shire of Ravensthorpe disclaims any liability for any loss whatsoever and however caused arising out of reliance by any person or legal entity on any such act, omission, statement or intimation. Any person or legal entity who acts or fails to act in reliance upon any statement does so at that person's or legal entity's own risk.

In particular and without derogating in any way from the broader disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of Ravensthorpe during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of Ravensthorpe. The Shire of Ravensthorpe warns that anyone who has an application lodged with the Shire of Ravensthorpe must obtain and should only rely on written confirmation of the outcome of the application, and any conditions attached to the decision made by the Shire of Ravensthorpe in respect of the application.

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**DISCLOSURE OF INTEREST FORM**  
(Elected Members/Committee Members/Employees/Contractors)

*Local Government Act 1995 (Section 5.65, 5.70, 5.71 & 5.71(B))*

To: Chief Executive Officer

Name \_\_\_\_\_

Elected Member     Committee Member     Employee     Contractor

- Ordinary Council Meeting held on \_\_\_\_\_
- Special Council Meeting held on \_\_\_\_\_
- Committee Meeting held on \_\_\_\_\_
- Other \_\_\_\_\_

Report No \_\_\_\_\_

Report Title \_\_\_\_\_

Type of Interest (*\*see overleaf for further information*)

Proximity                       Financial                                       Impartiality

Nature of Interest

\_\_\_\_\_

\_\_\_\_\_

Extent of Interest (if intending to seek Council approval to be involved with debate and/or vote)

\_\_\_\_\_

\_\_\_\_\_

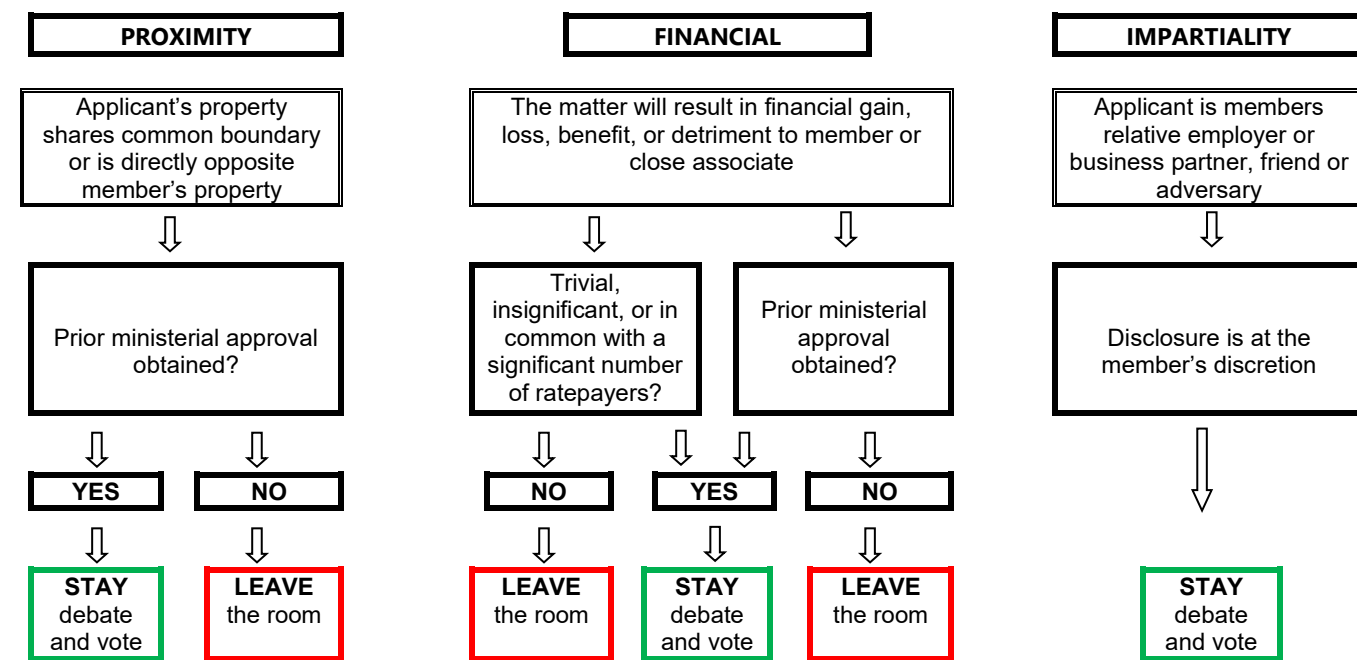
Signed: \_\_\_\_\_ Date: \_\_\_\_\_

- **Note 1** - Elected Members/ Committee Members/Employees refer to the Disclosure of Interest Declaration card when disclosure is being read out at Council or Committee Meeting.
- **Note 2:** For Ordinary meetings of the Council, elected members and employees are requested to submit this completed form to the Chief Executive Officer prior to the meeting. Where this is not practicable, disclosure(s) must be given to the Chief Executive Officer prior to the matter being discussed.
- **Note 3:** Employees or Contractors disclosing an interest in any matter apart from at meetings, where there is a conflict of interest including disclosures required by s5.71 are required to submit this form to the CEO as soon as practicable.

CEO: \_\_\_\_\_ Signed: \_\_\_\_\_ Date: \_\_\_\_\_

OFFICE USE ONLY	
<input type="checkbox"/> Particulars recorded in Minutes	<input type="checkbox"/> Particulars recorded in Register

## \* Declaring an Interest



### Local Government Act 1995 – Extract

#### s.5.60A - Financial Interest

A person has a financial interest in a matter if it is reasonable to expect that the matter will, if dealt with by the local government, or an employee or committee of the local government or member of the council of the local government, in a particular way, result in a financial gain, loss, benefit or detriment for the person.

#### s.5.60B – Proximity Interest

A person has a proximity interest in a matter if the matter concerns —

- (a) a proposed change to a planning scheme affecting land that adjoins the person's land; or
- (b) a proposed change to the zoning or use of land that adjoins the person's land; or
- (c) a proposed development (as defined in section 5.63(5)) of land that adjoins the person's land.

#### 5.65 - Members' interests in matters to be discussed at meetings to be disclosed.

(1) A member who has an interest in any matter to be discussed at a council or committee meeting that will be attended by the member must disclose the nature of the interest:

- (a) in a written notice given to the CEO before the meeting; or (b) at the meeting immediately before the matter is discussed. (Penalties apply).
- (2) It is a defence to a prosecution under this section if the member proves that he or she did not know:
  - (a) that he or she had an interest in the matter; or (b) that the matter in which he or she had an interest would be discussed at the meeting.
- (3) This section does not apply to a person who is a member of a committee referred to in section 5.9(2)(f).

#### 5.70 - Employees to disclose interests relating to advice or reports.

(1) In this section: 'employee' includes a person who, under a contract for services with the local government, provides advice or a report on a matter.

- (2) An employee who has an interest in any matter in respect of which the employee is providing advice or a report directly to the council or a committee must disclose the nature of the interest when giving the advice or report.
- (3) An employee who discloses an interest under this section must if required to do so by the council or committee, as the case may be, disclose the extent of the interest. (Penalties apply).

#### 5.71 - Employees to disclose interests relating to delegated functions.

If, under Division 4, an employee has been delegated a power or duty relating to a matter and the employee has an interest in the matter, the employee must not exercise the power or discharge the duty and:

- (a) in the case of the CEO, must disclose to the mayor or president the nature of the interest as soon as practicable after becoming aware that he or she has the interest in the matter; and (b) in the case of any other employee, must disclose to the CEO the nature of the interest as soon as practicable after becoming aware that he or she has the interest in the matter. (Penalties apply)

#### 5.71A. - CEOs to disclose interests relating to gifts in connection with advice or reports

- (1) A CEO who has an interest relating to a gift in a matter in respect of which the CEO proposes to provide advice or a report, directly or indirectly, to the council or a committee must disclose the nature of the interest in a written notice given to the council.
- (2) A CEO who makes a disclosure under subsection (1) must not provide the advice or report unless the CEO is allowed to do so under section 5.71B(2) or (6).
- (3) A CEO who has an interest relating to a gift in a matter in respect of which another employee is providing advice or a report directly to the council or a committee must disclose the nature of the interest when the advice or report is provided.

**Local Government (Administration) Regulations 1996 – Extract** - In this clause and in accordance with Regulation 19AA "Interest" means an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person having the interest and includes an association.

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# AGENDA

**Mission Statement** *To grow our community through the provision of leadership, services and infrastructure.*

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## 1. DECLARATION OF OPENING

The Shire President declared the meeting open at 4.37pm.

The Shire President acknowledged the Traditional Owners of the land on which we meet, and paid respect to Elders past, present, and emerging.

## 2. RECORD OF ATTENDANCE, APOLOGIES AND APPROVED LEAVE OF ABSENCE

### **Elected Members:**

Cr Tom Major	(Shire President)
Cr Mark Mudie	(Deputy Shire President)
Cr Sue Leighton	
Cr Rachel Livingston	(electronically)
Cr Rachel Gibson	
Cr Graham Richardson	
Cr Robert Miloseski	(electronically)

### **Staff:**

Matthew Bird	(Chief Executive Officer)
Les Mainwaring	(Executive Manager Corporate Services)
Natalie Bell	(Executive Manager Projects & Regulatory Services)
Paul Spencer	(Executive Manager Infrastructure Services)

### **VISITORS**

Nil

### **APOLOGIES**

Nil

### **LEAVE OF ABSENCE**

Nil

### 3. DECLARATIONS OF INTEREST

Nil

### 4. CONFIRMATION OF MINUTES OF PREVIOUS MEETING

#### MINUTES FROM PREVIOUS MEETINGS

AUDIT COMMITTEE MEETING HELD 21 MARCH 2023 (ATTACHMENT 'A')

#### **Statutory Environment:**

Section 5.22 of the *Local Government Act 1995* provides that minutes of all meeting to be kept and submitted to the next ordinary meeting of the council or the committee, as the case requires, for confirmation.

#### AUDIT COMMITTEE DECISION

**Moved by Cr Leighton and Seconded by Cr Mudie**

**That the Minutes and associated attachments of the Audit Committee of the Shire of Ravensthorpe held on 21 March 2023 (Attachment 'A') be confirmed as a true and correct record.**

**Motion put and carried by Simple Majority                      7/0**



## **5. 2022-2023 ANNUAL FINANCIAL REPORT AND 30 JUNE 2023 AUDIT REPORT**

<b>File Reference:</b>	<b>FM.AU.1</b>
<b>Location:</b>	<b>N/A</b>
<b>Applicant:</b>	<b>Audit Committee</b>
<b>Author:</b>	<b>Executive Manager Corporate Services</b>
<b>Authorising Officer</b>	<b>Chief Executive Officer</b>
<b>Date:</b>	<b>20 November 2023</b>
<b>Disclosure of Interest:</b>	<b>Nil</b>
<b>Attachments:</b>	<b>1. Annual Financial Statements 30 June 2023</b> <b>2. OAG Audit Opinion 30 June 2023</b> <b>3. Final Management Letter 30 June 2023</b>
<b>Previous Reference:</b>	<b>Nil</b>

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### **PURPOSE**

1. In accordance with section 7.12A(3) of the Local Government Act 1995, Council is required to examine the Auditors report for the year ending 30 June 2023 and is to determine if any matters raised by the Auditors require action to be taken.
2. A copy of the Auditors Report and the Annual Financial Report for the year ending 30 June 2023 is presented for adoption.
3. Council is required to set a date for the Annual General Meeting of Electors within 56 days of adopting the annual financial report.

### **BACKGROUND**

4. This is the sixth year where the audit process has involved the Office of the Auditor General (OAG), in conjunction with contract auditors Moore Australia, and given that the previous audit sign offs have been (17/18) 28 June 2019, (18/19) 11 December 2019, (19/20) 11 March 2021 and (20/21) 28 July 2022, (21/22) 27 February 2023; we were looking forward to getting back to a December sign off to allow the timely arrangement of the annual electors meeting.
5. We are pleased to announce that we have received a current sign off of 07 December 2023 for the 2022/23 Annual Financial Report.
6. It is also worthwhile noting the recent audit history where the shire has had three completed audits in the past eighteen months, where normally you would expect three to be completed over three years, which gives some indication of the intensity that the corporate services staff have been under in giving due attention to the audit finalisations in tandem with other corporate priorities. Hopefully we are back to one every twelve months going forward.

### **COMMENT**

7. The OAG, in conjunction with contracted auditors, Moore Australia, have completed the annual audit for the year ending 30 June 2023.
8. The OAG has returned the following audit opinion for the year ended 30 June 2023:

- a. *In my opinion the financial report of the Shire of Ravensthorpe:*
- *is based on proper accounts and records,*
  - *presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2023 and its financial position at the end of that period, and*
  - *in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.*
9. Whilst the audit opinion is unqualified, the OAG has raised three significant and moderate matters where there is potentially a risk to the entity, or a concern that warrants action being taken, should the finding not be addressed by the entity promptly:
- a. Regional landfill facility - rehabilitation cost and provision
  - b. Fair value of infrastructure assets – frequency of valuations.
  - c. Property register – shire housing.
10. The Shire's management response to the audit findings are as follows:
- a. Regional landfill facility – rehabilitation cost and provision – Whilst the original rehabilitation costs have been indexed by inflation in the preceding years in an attempt to follow the trend of changing economic circumstances, we have undertaken to review the base rehabilitation calculations in line with our full infrastructure revaluations during 2023/24. There was also an observation that the current waste reserve balance was \$94,000 less than the current rehabilitation provision, therefore fortunately our 2023/24 budget includes a transfer to the Waste and Sewerage Reserve of \$201,746 which will provide an immediate response to that concern.
  - b. Fair value of infrastructure assets – frequency of valuations - For direct action the Shire will perform a full revaluation of infrastructure assets in 2023/24. Given that this has been an emerging issue triggered by the recent inflationary cycle, we did consult with the local government industry to determine the best approach in developing an annual management practice to monitor and assess a materiality position when determining whether it is appropriate to perform earlier revaluations than the current maximum 5-year cycle. In this instance we used inflationary economic data at 30 June 2023 of 6% to assess that this was material and made the change to increment all of our fair values of buildings and infrastructure asset classes. Unfortunately, the OAG were not satisfied with this interim desk type approach and advised that only a formal valuation would be acceptable, therefore all assets increments were reversed in favour of waiting for our formal valuation in 2023/24.
  - c. Property Register – Shire Housing – During the 2021 forensic audit it was noted that a property listing for the Shire houses was not maintained limiting the Shire's ability to ensure that property purchases were valid and were appropriately managed. This is the

last of the eleven forensic audit recommendations to be completed from July 2022 and we expect this to be in place by February 2024.

11. In accordance with the Local government Act, the general meeting of electors is to be held on a day no later than 56 days after Council has adopted the Annual Financial Report, therefore Council would be required to hold the annual meeting of electors no later than Tuesday 13 February 2023 if the report was adopted at the 19 December 2023 Ordinary Council Meeting.
12. The Audit Committee, which is comprised of full Council, is to meet with the auditor during each financial year with such meetings able to be held via teleconference. The Chief Executive Officer arranged an audit exit interview for the audit committee with OAG and Moore Australia on the 6 December 2023 via teleconference to discuss the 2022/23 audit findings.

**CONSULTATION**

13. All Councillors and Executive Team

**STATUTORY ENVIRONMENT**

14. *Local Government Act 1995 – Part 6 Financial Management; and Local Government (Financial Management) Regulations 1996* - Defines the processes and procedures that apply to the recording and reporting of financial matters.
15. *Local Government Act 1995 – Part 7 Audit; and Local Government (Audit) Regulations 1996* - Defines the audit of the financial accounts of local governments, including the conduct of audits.
16. *Local Government Act 1995 - 7.12A*. Duties of local government with respect to audits - A local government is to examine the report of the auditor prepared under section 7.9(1), and any report prepared under section 7.9(3) forwarded to it, and is to determine if any matters raised by the report, or reports, require action to be taken by the local government; and ensure that appropriate action is taken in respect of those matters.

**POLICY IMPLICATIONS**

17. Nil

**FINANCIAL IMPLICATIONS**

18. Nil.

**RISK MANAGEMENT**

19. Nil.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
Override of Internal Controls	Possible	Moderate	Medium	Constantly monitor, review and reflect on adequacy and effectiveness of controls

Financial

Possible

Minor

Medium

Robust controls prevent the level and likelihood of loss

## ALTERNATE OPTIONS

20. Nil.

## STRATEGIC ALIGNMENT

21. This item is relevant to the Councils approved Strategic Community Plan 2021 and Corporate Business Plan 2021-2025

**Outcome 5: Governance and Leadership** - The Shire of Ravensthorpe partners the community, and is an effective advocate and responsible steward

Item	Objectives and Strategies
5.5	The value of community owned assets is maintained
5.6	Financial systems are effectively managed

## VOTING REQUIREMENTS

22. Simple Majority

## OFFICER RECOMMENDATION

### That the Audit Committee recommend to Council that;

1. The 2022/23 Annual Financial Statements and auditors report for the year ended 30 June 2023, be accepted.
2. Council set the 2022/2023 Annual General Meeting of Electors within 56 days of the acceptance of the 2022/23 annual financial report, being Tuesday 6 February 2024.
3. The annual report be provided to the Community, 2 weeks' prior to the Annual General Meeting of Electors.

## AUDIT COMMITTEE DECISION

**Moved by Cr Mudie and Seconded by Cr Richardson**

### That the Audit Committee recommend to Council that;

1. **The 2022/23 Annual Financial Statements and auditors report for the year ended 30 June 2023, be accepted.**
2. **Council set the 2022/2023 Annual General Meeting of Electors within 56 days of the acceptance of the 2022/23 annual financial report, being Tuesday 6 February 2024.**
3. **The annual report be provided to the Community, 2 weeks' prior to the Annual General Meeting of Electors.**

**Motion put and carried by Simple Majority**

**7/0**

**9. MATTERS TO BE CONSIDERED BEHIND CLOSED DOORS**

Nil

**10. CLOSURE**

The Presiding Member declared the meeting closed at 4.58pm.